

# Analyzing the Affect of Brand Image, Service Quality, and Customer Satisfaction Toward Customer Loyalty in a Premium Coffeehouse Retailer, Case of Starbucks Indonesia in Tangerang Area

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**Abstract:** Customer is the key driving of the consistent market share. Once customers feel positive brand performance, it will be embedded in their mind. Customers might get positive experience when they are satisfied. By enhancing positive image and excellent service quality will lead customer to the satisfaction. The sense of satisfaction will influence customers to become loyal. This thesis identifies the affect of brand image, service quality, customer satisfaction toward customer loyalty of Starbucks Indonesia. It determines the strategy in order to maintain and continually increase their market in Indonesia as well as build a stronger relationship with their customers. This thesis using quantitative approach by distributed questionnaire to 100 respondents and the data was analyzed using SPSS software and AMOS. Overall, all dependent variables included shown significant affect toward customer satisfaction. However, there are not directly affect from brand image and service quality toward customer loyalty of Starbucks. Moreover, the result shown that college students in all inspected Starbucks location are shifting from the secondary market to primary market and they considering as a latent loyal customers.

**Keywords:** Coffeehouse, Starbucks Indonesia, Brand Image, Service Quality, Customer Satisfaction and Customer Loyalty

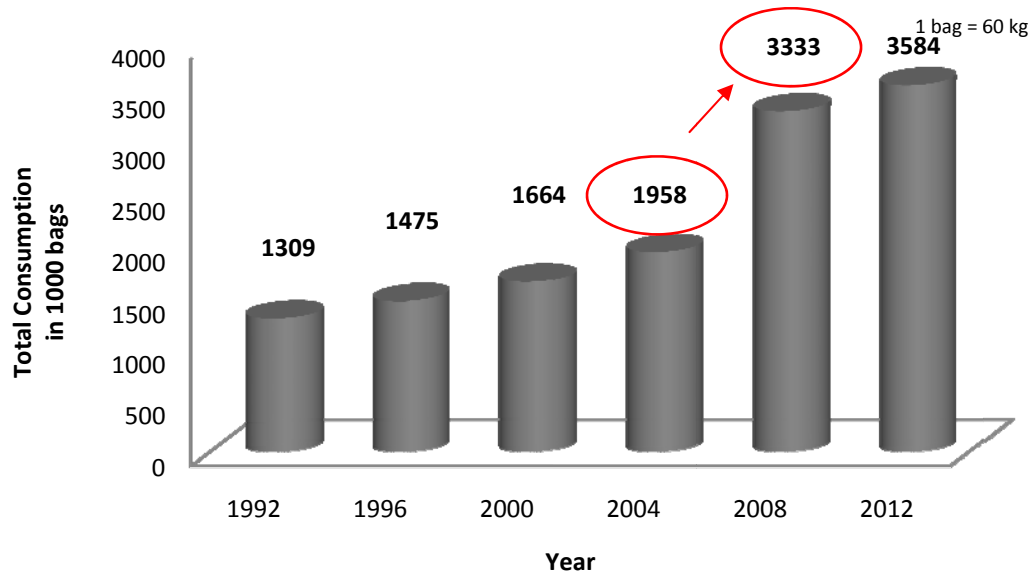
## 1. Introduction

### 1.1. Background

As the world's fourth-largest coffee producer, Indonesia contributes approximately 67% of its production to be exported worldwide while the remainder (33%) fulfills domestic demand (AICE Organisation, 2011). Some Indonesian specialty coffees are well known in foreign countries and one part of menus at many coffee houses all around the world, including: Gayo Coffee, Mandheling Coffee, Java Coffee, and Toraja Coffee. Indonesia is also known as the producer of the world's best coffee named Luwak coffee. Luwak coffee is produced from the finest Arabica beans and the Luwak, which is the Asian Palm Civet. Luwak coffee becomes famous because it has an authentic taste, superior quality and an extremely expensive price (Compass Corporation, 2015). Besides its role as an exporter of coffee, Indonesia has steadily increasing consumption. This is considered as a serious business opportunity and the reason for the emerging of coffee houses in Indonesia, instead of simply utilizing coffee as a commodity good (Radzmi, 2014). With the increasing number of coffee houses in the market, competition in this industry has become more intense. Every coffee house is making an effort to be compete based on different matters. They do not want to be compared, many of coffee houses choose to be proud of what they do and provide a different service from other coffee houses. However, only a few of them have the ability to create a positive feeling towards the differences. (Yuswohady, 2006).

### 1.1.1. Coffee Consumption in Indonesia

Compared to the Europeans and the Americans, Indonesians are not coffee enthusiasts. However, with the Indonesia economic growth, demand for coffee looks to be on a fast growing trend. Since 2000, total coffee consumption in Indonesia had not reached the amount of 2,000 bags, but the number of consumption has continuously increased. Eventually in 2008, this situation markedly improved by the increasing of coffee consumption, reaching 3.333 bags. This condition was also improved by the slight increase in 2012 that reached 3,584 bags of coffee consumption (See Figure 4) (Statistica, 2015).



**Figure 1.** Total coffee consumption in Indonesia from 2000 to 2012

Source: Statistica, 2015

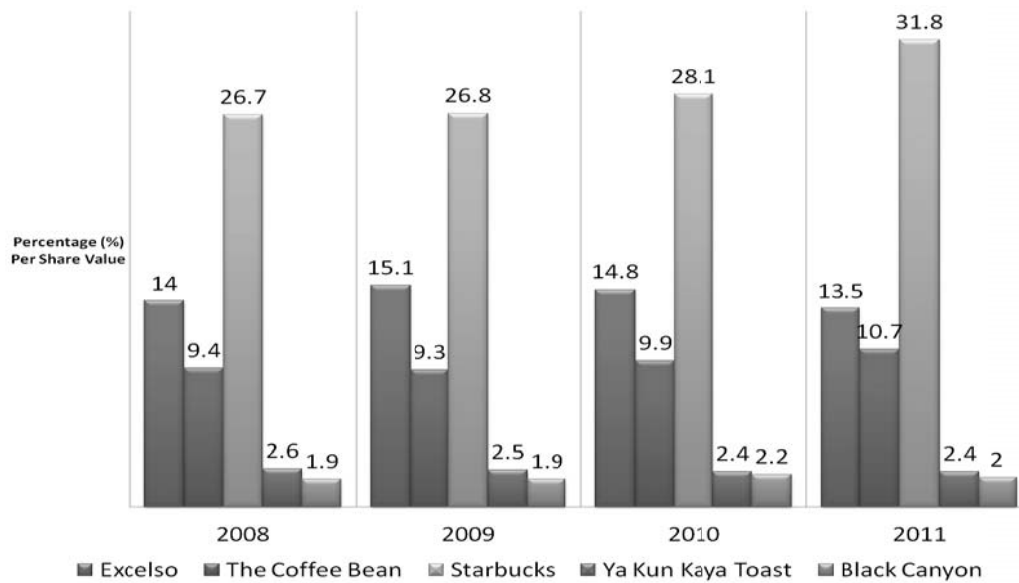
Domestic consumption as a percentage of total coffee production has increased 30% over the last five years (see Figure 3). The ICO (International Coffee Organization) assumed that if the consumption in Indonesia continues to grow at current rates, the country could reach nearly 6 million bags by 2020, exceeding the current consumption of France (International Coffee Organization, 2014).

### 1.1.2. Coffeehouse Retail Industry in Indonesia

The increase of local demand is driven by the lifestyle changes. The brewed coffee (coffee powder) and instant coffee are still the main consumption for rural population and the elderly, while consumers within the high incomes are likely to purchase coffee in a premium coffee house. The increasing demand of coffee domestically has even boosted the number of foreign and local coffee houses across the country (Global Business Guide Indonesia, 2014). The Committee Chairman Indonesia Specialty Coffee, Irvan Helmi, explained that since 2010, domestic coffee consumption increased from 600 grams per person to 1.3 kilograms per person. This condition stimulates the growth of coffeehouse business in Indonesia. The numbers of coffeehouses which had been registered in the Indonesia Specialty Coffee Association rose from 100 entrepreneurs in 2013 become 200 entrepreneurs in 2014. He is also convinced that there are still many coffeehouse entrepreneurs who have not been registered yet (Merdeka.com, 2014).

Initially, Indonesian people were not too familiar with the coffee house, which uses a 'café' concept. Along with the times, the advancement in information technology and the culture assimilation between western and locals, many modern coffeehouses using the 'café' concept were established. The new concepts of coffeehouses are emerging, ranging from the concept of centralized to franchised systems (Tanjung, 2013). The graph shows the share value of top 5 chained cafes in Indonesia. Starbucks, the famous coffee house brand from America, occupies the first position with a market share of 31.8% in 2011. This was followed by Excelso Café which is the Indonesian local brand with a market

share of 13.5% and other brands, such as: The Coffee Bean & Tea Leaf (10.7%), Ya Kun Kaya Toast (2.4%), and Black Canyon (2%). (See Figure 6) (Euromonitor, 2013).



**Figure 2.** Top 5 chained cafes in Indonesia (Source: Euromonitor, 2013)

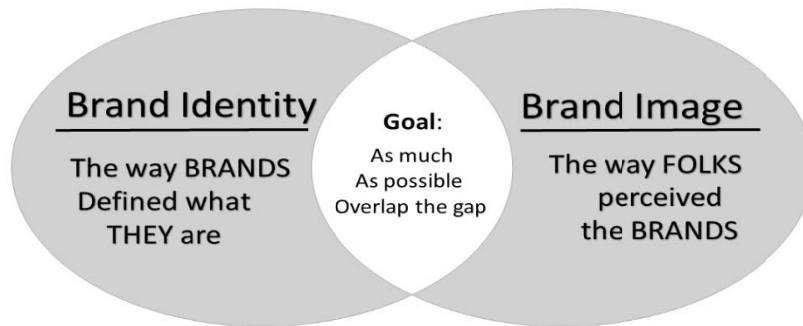
The increase of mobility and modern lifestyle in society is affecting the rapid growth of coffee house retailers, especially in many big cities in Indonesia. In fact, the coffee house is a place where people visit to show their prestige and identity to the community. Coffee houses serve coffee at a premium price, because of the convenience and high class standard offered, considering those factors are highly demanded by the consumer (Arthinkle, 2014)

## 2. Literature Review

### 2.1. Brand Image

Brand image according to Christine Restall from McCann-Erickson includes the rational measurements such as quality, strength, and flavor. It refers to the personality of the brand itself. Brand image becomes a point why some people like some brands more than other brands that have exactly the same physical appearance. On the other hand, Stephen King formerly of J. Walter Thompson, believes that personality of a brand does not hold the same meaning as brand image. Brand image stands for the essence of all the intuition about the brands that have been made in customer's mind including impressions about physical features and performance, impression about functional benefits, and the kind of people who use it (Sengupta, 2007). While, Keller in his book "Strategic Brand Management" said that Brand image is a reflection of the brand in the customer's mind, abstractly, not what they think the brand actually does. Brand image depends on the external factors of product or service, including the way the brand presents itself to attract the customer psychologically and fulfill their social needs. Many intangible factors can be linked to the brand, but the main factors are: user profiles; purchase and usage situations; personality and values; history, heritage, and experience (Keller, 2013).

According to the framework of Kapferer in 1997 and Hatch & Schultz in 2008, Brand identity is the company's ideals which they want people to believe regarding who they are and what they value. While brand image is what people really think about the company, both should overlap as much as possible for the creation of proper brand position in the market, which will lead to an ideal and positive brand image (See Figure 7) (Gray, 2010).



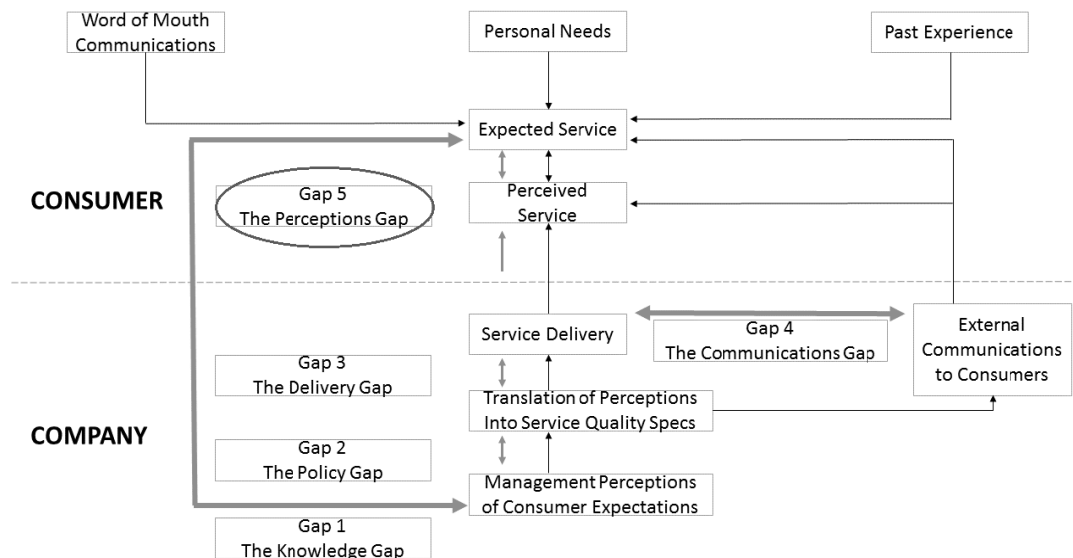
**Figure 3.** Brand identity vs. brand image (Source: Gray, 2010)

## 2.2. Service Quality

Service quality is the level of advantages expected and control of that level to fulfill customer expectation. Based on Brady & Cronin, Service quality is focused on the evaluation that reveals customer perception of element of services, such as: interaction quality, physical environment quality, and outcome quality (Asmayadi & Hartini, 2015).

Service quality is important because it equals customer satisfaction to some extent because these two concepts are the comparison between their expectation and the actual service that customer receive. Service quality also decides customer satisfaction, which has a direct impact on repurchase. However, satisfaction is more of an emotional and subjective reaction to a time – limited event or the entire experience customer has with the service giver which is the company, thus requires the consistency and stability of service quality and other factors which are related (Chin Liu, 2008). There are two models to assess the determinants of service quality, which are: SERVQUAL model and SERVPERF model. (Adil, Al Ghaswyneh, & Albkou, 2013).

Parasuraman, Zeithaml and Berry (1985, 1988, 1991, and 1994) developed of SERVQUAL model, which compares customers' expectations and perceptions of customers toward particular service. They identified that there are four potential gaps in the organization that directly lead to a fifth or final gap which is to disclose the differences between what customers expect and what customers actually perceive about the service delivered. This framework identifies five gaps that might occur at different points throughout the design and delivery of service performance. Those five gaps are as following:



**Figure 4.** The service gaps model (Source: Lovelock & Wirtz, 2011)

- Gap 1 – The Knowledge Gap  
The difference between what the top management of the company believes that customer will be expected and the customer's real needs and expectations.
- Gap 2 – The Policy Gap  
The difference between the company management's insight of customers' expectations and the form of quality standards. Since these standards are not made purely in consideration of what customers expect, but also to calculate the cost and feasibility.
- Gap 3 – The Delivery Gap  
The difference between the particular standards of service delivery and the delivery teams' and service operations' actual performance to this standard.
- Gap 4 – The Communications Gap  
The difference between what a company communicates and what is delivered to the customer in reality.1111
- Gap 5 – The Perceptions Gap  
The difference between what the customer expects to receive and what the customer actually receives feel. This gap is the most critical because the ultimate goal in generating service quality is to narrow it as much as possible. However, to achieve the goal, the company should consider to narrowing the others four gaps as well (Lovelock & Wirtz, 2011).

### 2.3. Customer Satisfaction

According to Armstrong & Kotler (1996), customer satisfaction is a customer's feeling resulting from evaluating what has been received against what was expected from the purchase and usage of a product or service. While, Bitner & Zeithaml (2003) stated that satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met customers' needs and expectations (Charles & Kumar, 2014).

Customers might experience a sense of either satisfaction or dissatisfaction after they evaluate their consumption. Customers will be satisfied when their expectations are matched by brand perceived performance, while dissatisfied when their expectations are not fulfill by the brand performance. Customers might consider this evaluation as a reference in future decisions. If the customer is extremely satisfied, it will be easier for them to ensue the purchase decision stage, since this customer might tend to buy the same brand within the same store and not search for alternatives. On the other hand, a dissatisfy customer might look for other alternatives from competitors who promise something better (see Figure 9) (Blackwell, et al., 2012).

Satisfaction - profit chain moreover defines three major way to make customers satisfied. First, the company has to understand customer requirements which helps a company to provide what customers' needs and perceived. By provide customer what they expect, it will lead to positive evaluation because customers are able to feel and receive the value that the company has delivered (Buttle, 2009).

Customer satisfaction and loyalty are directly related, but are not always positive. Bowen & Chen (2001) indicate that customer satisfaction and customer loyalty are two parts of a concept but they are not directly related. High satisfaction does not directly create loyalty (Chin Liu, 2008).

### 2.4. Customer Loyalty

According to Pearson (1996), customer loyalty is the mind-set of a customer who holds a favorable attitude towards a company, commits to repurchase and recommends the products or services to other (Charles & Kumar, 2014). R. Kumar Sugandhi defines customer loyalty as the measure of success of the company to retain the customer. This means that the customer sticks with the company though they may have other options available in the market (Sugandhi, 2003).

There are two major approaches to defining and measuring customer loyalty. First, based on behavioral and second, based on attitude. Behavioral loyalty is measured by the frequency of purchase activity to learn whether the customer still active or not and also by the amount that the customer spends on the product or services. Customers who have a continuing preference for the same brand and repeat purchase the brand are more loyal in behavioral terms. On the other hand, attitudinal loyalty is measured by reference to components of attitude such as customers' feelings, customers' beliefs, and their purchase intentions. Customers who have stronger preferences for, involvement in, or commitment to

the brand are the more loyal in attitudinal terms. They are willing to recommend the brand to others and even willing to pay a premium price of their lover brand (see Figure 11) (Buttle, 2009).

### 2.5. *Brand Image, Service Quality, Customer Satisfaction, and Customer Loyalty*

Brand image has is considered as a forbearer of the creation of customer satisfaction and loyalty (Elliot & Percy, 2007). Yu, Chin, & Hsiao (2012) proved a positive corelation between brand image, customer satisfaction, and customer loyalty (Yu, Chin, & Hsiao, 2012). And this result is unified with the result of a journal by Joshua (2014) that also confirmed a positive and significant influence of brand image towards customer loyalty (Joshua, 2014).

Excellence in service quality is closely connected to the experience of customer satisfaction. If the company always delivers the excellent service in a consistent way despite situational influences, it will lead to loyalty (Lovelock & Wirtz, 2011). In previous study, Asmayadi & Hartini (2015) stated that service quality significantly influences customer loyalty. High service quality can appeal to new customers , retain existing customers, and even lower the customer' perception toward competitors (Asmayadi & Hartini, 2015). A study by Sutawidjaya, W., & Suharyanti (2012) divided types of service quality in two. First by technical quality, which focuses on: professinalism, service strategy, and employe skill. Second by functional quality, which focuses on: employee attitude and behaviour, accessibility, flexibility, truthworthiness, responsiveness, and reliability. This study stated that technical quality has a positive influence on customer satisfaction, but the effect is not more dominant than the results on functional quality. The functional quality has a positive influence on customer satisfaction and the influence is more dominant compared to technical quality (Sutawidjaya, W., & Suharyanti, 2012).

Customer satisfaction and loyalty are directly related but are not always positive. Bowen & Chen (2001) indicate that customer satisfaction and customer loyalty are two parts of a concept but they are not directly related. High satisfaction does not directly create loyalty (Chin Liu, 2008). According to a previous study, Yu, Chin, & Hsiao (2012) identified that customer satisfaction has a direct path and is a factor that significantly affects customer loyalty. This result is consistent with Blackwell, et al.(2012) who stated that by making customers satisfied about brand performance, it possibly influences customers to repeat purchase. As the customers evaluate the brand performance positively, they will be delighted to repurchase the product or service from the same brand. Customers are likely to share their consumption experience (Blackwell, Miniard, Engel, Di-ching, Yasin, & Hood, 2012).

### 2.6. *Research Model*

The research model shows the influences of and relationships between brand image, service quality, customer satisfaction, and customer loyalty. Brand image is measured from 3 indicators, which are: favorability, strength, and uniqueness. Service quality is measured from 5 indicators, which are: reliability, assurance, tangibles, empathy, and responsiveness. And customer loyalty measured by 3 indicators, which are: resistance to switch, willingness to buy other products offered by the company, and willingness to recommend.

### 2.7. *Hypotheses*

Hypothesis #1: Brand image significantly affects the customer satisfaction.

Hypothesis #2: Service quality significantly affects the customer satisfaction.

Hypothesis #3: Brand image significantly affects customer loyalty.

Hypothesis #4: Service quality significantly affects customer loyalty.

Hypothesis #5: Customer satisfaction significantly affects customer loyalty

## 3. **Research Methodology**

### 3.1. *Type of Study*

Malhotra (2012) in Basic Marketing Research book, explain three types of study:

1. Exploratory research, this type of research is conducted to explore the problem situation to get more insight and understanding of situation. This research is flexible and unstructured. The sample size is non-representative.

2. Descriptive research, this type of research has major objective to explain the detailed description of a phenomenon or phenomena, this study is a continuation of exploratory research. This research is formal and structured. The sample size is large and representative.
3. Causal research, this type of research is conducted to find an explanation of why an event or symptoms occur and obtaining evidence regarding cause and effect relationship. This research is formal and structured. The sample size is large and representative (Malhotra, 2012).

This research uses causal type of study that explains the affects of brand image, service quality, and customer satisfaction on Starbucks customer loyalty.

### 3.2. *Unit of Analysis*

This study will analyze the relation between brand image, service quality, and customer satisfaction on building a strong customer loyalty in coffeehouse retail industry. With a population is a collection of the individual who have the characteristic as primary and secondary target markets of Starbucks as premium coffeehouse. The data will be collected from the questionnaire and interview. Cross-sectional or one-shoot time frame will be utilized in this research due to the limitation of time, money and people.

### 3.3. *Population and Sampling*

Population of this study is the group of the individuals who have the characteristic as primary and secondary target markets of Starbucks as premium coffeehouse.

While the target population of this study are those who matched with criteria bellow:

- Men and women aged approximately 25 to 40 years old
- Young adults aged approximately 18 to 24 years old
- Starbucks customers
- Live in or have high mobility (for work or study) in Tangerang or South Tangerang area

Those locations are selected by the store location similarity, where all close to the offices or campus. Therefore, those selected locations can be ensured include both of primary and secondary target markets of Starbucks as premium coffeehouse.

Sample or sampling is the segment of the population that is selected for execution. Simply said, sample is the subgroup of the population. There are two sample methods, which are: probability method and non-probability method. Probability sample method has been selected using random selection so that each unit in population has known chance of being selected. This method also allows for valuation the amount of sampling error, which will allow the researcher to avoid any sampling error. While non-probability sample method has not been selected using random selection method. This method generally suggests some units in population that are more likely to be selected than other (Ghauri & Gronhaug, 2010).

### 3.4. *Type of Data and Collection*

Based on Sekaran & Bougie, data can be attained from primary or secondary sources. Primary data refer to the information obtained first hand by the researcher on the variables of interest for the specific purpose of the study, while, secondary data refer to information gathered from sources that already exist (Sekaran & Bougie, 2009).

Malhotra explain two types of data collection method, which are qualitative method and quantitative method. Qualitative method will give a depth understanding and insight into the problem setting. This method will analyze the data in non-statistical method which will provide better understanding. Interview is the best method to represent qualitative method. Quantitative method involving statistical analysis because this method is typical sample method that obtaining information based on questioning respondents. This method result can be used to recommend a course of action (Malhotra, 2012).

Based on description above, this study will be using quantitative data collection method. The primary data will be obtained by distributing the questionnaires to the respondents. A questionnaire is a pre-formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives. Personally administered questionnaires are the type of questionnaire that designed when the survey is confined to a local area (Sekaran & Bougie, 2013). This type of questionnaire give an opportunity to clarify any questions which are not clear in the perspective of

respondents on the spot and motivated the respondent to answer the questions in a fair way. The questionnaire will be given to 100 respondents with respectively 25 respondents per store.

Secondary data have had at least one level of interpretation inserted between the event and its recording (Cooper & Schindler, 2014). This study use textbooks, scientific journal, and document from website as secondary sources.

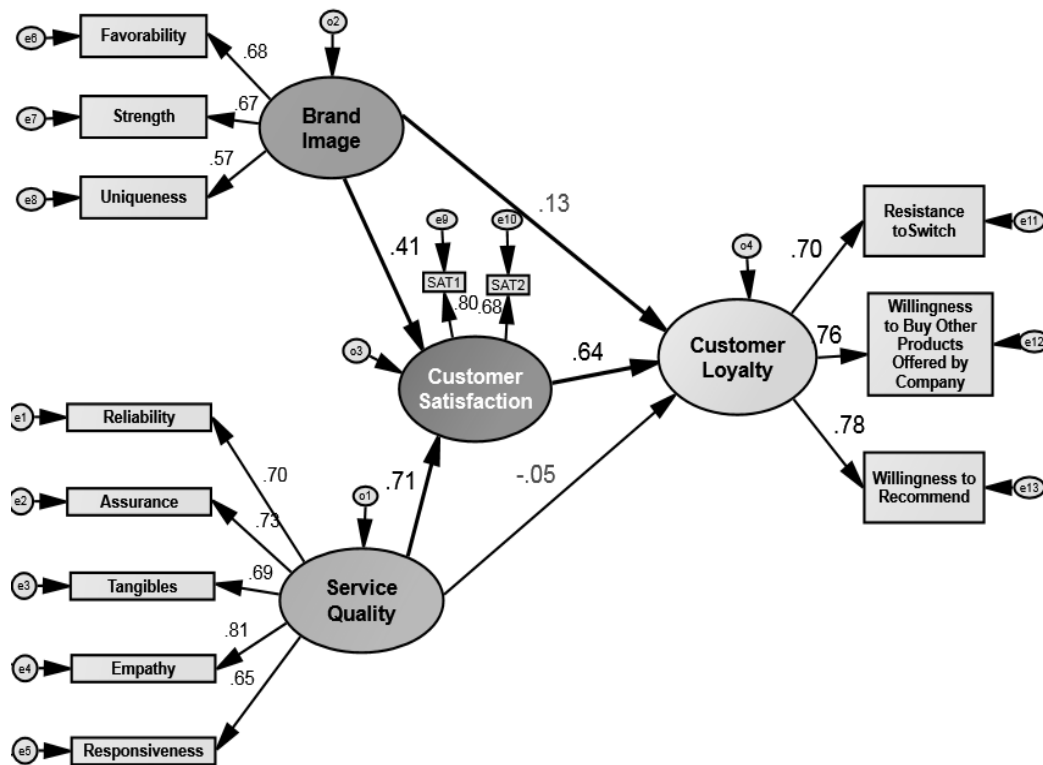
### 3.5. Variable Operationalization

The author formulate questionnaire by using likert scale. The questionnaire consists of respondents' profile and statements that related to the variables that are being analyzed in this research, which are: brand image, service quality, customer satisfaction, and customer loyalty. The likert scale is used to facilitate the respondents the specify level of agreement from scale 1 to 5, the arrangement of the level of agreement as follows:

## 4. Results and Discussions

### 4.1. Structural Equation Modeling (SEM) Analysis

#### 4.1.1. Path Diagram Output



**Figure 5.** Path diagram output (Source: AMOS output, 2015)

The path diagram drawn in the Figure 5 shows the relationship between latent variables of the key factors influencing customer satisfaction and loyalty of Starbucks.

Each of the latent variables is determined by its respective indicator level. Unobserved error variable is added to each latent variable represented by "e" (error) symbols.

Path coefficient is a standardized regression coefficient which shows the direct effect of an independent variable on a dependent variable in path model. The standard regression weight is indicated in the path diagram (Figure 5).



#### 4.2. Summary of Findings

Based on the respondents profile analysis, it can be known that respondents who currently are college students, in general, visit Starbucks irregularly with the most reason is because the place and ambience of Starbucks coffeehouse. While respondents who now are employees with the income 2.600.000 – 7.800.000 per month, majority visit Starbucks in a more regular times a week than college students (1- 2 times a week). Most of them choose Starbucks because of the promotion offered as well as the place and ambience. While in the majority, people with the higher monthly income (13.000.000 - 26.000.000 and beyond) are visit Starbucks 1-2 times a week. Most of them choose Starbucks because they think that Starbucks has a good taste of coffee and they enjoy Starbucks' place and ambience.

Based on the results of hypothesis testing, In Starbucks case, brand image and service quality has not significant relationship with the brand loyalty. Starbucks should make their customer satisfied should therefore they intend to be loyal to Starbucks. The indicators that are most influencing the brand image are favorability and strength both has strong association with the brand image. This result indicates that an appearance of Starbucks signage give a good impression and easy to detect but most of respondents did not really know about the promotion and event that Starbucks conducted. In service quality all indicators have a strong association with service quality, notably, empathy that has very strong association with service quality. Starbucks customers are pleased with Starbucks personnel because they are willing to help and communicate. Furthermore, Starbucks' customers are loyal customers. As shown in Figure 24, all indicators have strong association with customer loyalty. Starbucks customers are willing to recommend their experiences to other people and also willing to purchase other products offered and repeat order. However, according to the respondents profile analysis, college students as the most who visit Starbucks are not visiting Starbucks regularly. Thus, might indicate that collage students as Starbucks customers have a tendencies considering as a latent loyal customers.

The relationship between Brand image and customer satisfaction is significant. The regression weight for Brand image is 0.41 ( $p=0.009 < 0.05$  significant levels) and strength association "Moderate". The finding of this study supporting the prior research findings reported by Yu, Chin, & Hsiao (2012) that brand image is significantly impact towards customer satisfaction.

The relationship between service quality and customer satisfaction is significant; the p-value (Sig.) of service quality in the Table 26 is\*\*\*, less than 0.05 significant levels. In other words, the service quality had a significant positive affect on customer satisfaction. The regression weight for service quality is 0.71 ( $p=0.000 < 0.05$ , sig.) and strength association "Strong". This finding is to strengthen the prior research findings by Sutawidjaya, W. & Suharyati (2012) reported that increasing the quality of services, timely response to customer needs and demands in addition interest of employees to help customers, among the things will influence customer's satisfaction.

The relationship between Brand image and Customer loyalty is not significant. The regression weight for Brand image is 0.13 ( $p=0.953 > 0.05$  significant levels) and strength association "None". The p-values for path coefficient from Brand image to Customer loyalty is not significant ( $p=0.953 > 0.05$ ) indicating that Brand image does not direct affect to Customer loyalty but through Customer satisfaction. It shows that even though Brand image and customer loyalty have pair-wise correlations, their correlations decrease (not significant) with the presene of other constructs (satisfaction) in Starbucks. This finding is contradicted with Yu, Chin, & Hsiao (2012) and Joshua (2014) from previous studies, claimed that Brand image is an important factors influence customer loyalty.

The relationship between Service quality and Customer loyalty is not significant. The regression weight for Service quality is -0.05 ( $p=0.999 > 0.05$  significant levels) and strength association "None". The p-values for path coefficient from Service quality to Customer loyalty is not significant ( $p=0.999 > 0.05$ ) indicating that Service quality does not direct affect to Customer loyalty but through Customer satisfaction. Prior research done by Joshua (2014) and Asmayadi & Hartini (2015) that found service quality has significant affects on customer loyalty is contradict with the result found in this research.

The customer satisfaction has 41% significant relationship with customer loyalty and strength association "strong". This finding also support the result of research conducted by Yu, Chin, & Hsiao, (2012), customer satisfaction has been found to be a significant factor to determine the customers' loyalty. The standardized regression coefficient of customer loyalty toward willingness to recommend is 0.78 (the p-value=0.000, less than 0.05, sig.) or customer loyalty has 61% significant relationship with willingness to recommend and strength association "strong". This result shows that Starbucks

customers are considering as loyal customer. They are willing to recommend their experiences to other people and also willing to purchase other products offered and repeat order. Moreover, the results are encouraging for Starbucks as very much satisfied customers would like to recommend this product to others.

## 5. Conclusion

There are some purposes of this research, which are: analyzing the relationship of and brand image on customer satisfaction, analyzing the affect of service quality on customer satisfaction, analyzing the affect of service quality on customer loyalty, and analyzing the affect of customer satisfaction on customer loyalty.

This thesis is descriptive study using quantitative approach. Primary quantitative data collected through questionnaire, while the secondary data are attained from various textbooks, journals, and articles. The quantitative data was analyzed using SPSS software and path diagram with AMOS as a tool.

The thesis conducted has yielded some conclusions based on the findings that were summarized in the previous section as follow:

- The relationship between Brand image and customer satisfaction is significant. The regression weight for Brand image is 0.41 ( $p=0.009 < 0.05$  significant levels) and strength association “Moderate”.
- The service quality had a significant positive affects on customer satisfaction. The regression weight for service quality is 0.71 ( $p=0.000 < 0.05$ , sig.) and strength association “Strong”.
- The relationship between Service quality and Customer loyalty is not significant. The regression weight for Service quality is -0.05 ( $p=0.999 > 0.05$  significant levels) and strength association “None”.
- The relationship between Service quality and Customer loyalty is not significant. The regression weight for Service quality is -0.05 ( $p=0.999 > 0.05$  significant levels) and strength association “None”.
- The relationship between customer satisfaction and customer loyalty is significant. The standardized regression coefficient of customer loyalty toward willingness to recommend is 0.78 (the  $p$ -value=0.000, less than 0.05, sig.) or customer loyalty has 61% significant relationship with willingness to recommend and strength association “strong”.

It is now possible to derive several conclusions based on the objectives presented in the first chapter. These conclusions are the following:

- Starbucks indicates has a good brand image. Favorability and strength are the most influencing indicators both have strong association with the brand image, however, most respondents did not really know about every promotion and event that is conducted by Starbucks.
- Starbucks is considering excellent in delivering service to the customer.
- The quality of service is more able to create a feel of satisfaction than a good brand image.
- The results indicate that brand image and service quality has not significantly affect brand loyalty, therefore, Starbucks should be able to make customer feel satisfied in order to make them loyal.
- Customer satisfaction will be reached by combining strong brand image and good service quality.
- Furthermore, Starbucks’ customers are loyal customers. As shown in Figure 24, all indicators have strong association with customer loyalty. Starbucks customers are willing to recommend their experiences to other people and also willing to purchase other products offered and repeat order.
- College students in all inspected Starbucks location are shifting from the secondary market to primary market. According to the respondents profile analysis, college students are the most Starbucks visitors from all Starbucks locations under this study. And they have a tendencies considering as a latent loyal customers.

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